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DHAHRAN SENDS
PARIS FOR ZEYA, LONDON FOR TSOU

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TAGS: [ECON](#) [PGOV](#) [EINV](#) [SA](#)
SUBJECT: AL-HASA BUSINESSMEN SEEKING GREATER INVESTMENT,
INDEPENDENCE FROM DAMMAM

REF: 2005 RIYADH 1338 (NOTAL)

Classified by Acting Consul General Ramin Asgard for reasons
1.4 (b) and (d).

¶11. (SBU) Businessmen in Al-Hasa, a governorate in the Eastern Province (EP) that comprises a large oasis and extensive, oil-rich desert areas, told Acting CG and PolOff repeatedly over the course of a day-long visit on December 27 that Al-Hasa needs new investment, especially in infrastructure. "Look at our roads," Mohammad Al-Ali commented, "we are in desperate need of improvements." Our business interlocutors said that, if the government did start to invest more money in Al-Hasa to create a more attractive business environment that benefited local businesses rather than those with special connections to Dammam and Riyadh, they would welcome the prospect of partnerships with American firms specifically. They said that at the present time European companies were active in the market but American firms were nowhere to be seen, citing as an example a recent contract for supplying water meters awarded to a German company. "The Germans came, they met with the people at the utility and at the governorate, and they got the deal," one businessman related.

¶12. (C) If EP residents feel that too much of the EP's oil wealth goes to Riyadh and never comes back, Hasawis feel this sentiment even more strongly. Our business interlocutors noted that almost all of Saudi Arabia's onshore oil comes from Al-Hasa governorate, but any new investment in the EP usually is directed to the Dammam/Khobar area by the Emir, Prince Mohammad bin Fahd. "As long as Al-Hasa is part of the EP, we will never get any new projects," noted Saeed Al-Khars, a municipal employee recently made secretary general of Al-Hasa's municipal council. "If Al-Hasa becomes its own province, we will control our own resources and budget and not have to rely on Prince Mohammad," he continued. He cited the last-minute disqualification of a Shi'ite candidate in the Al-Hasa municipal elections (reftel) as one example of the Emir's meddling in Al-Hasa.

¶13. (C) Comment: Hasawis consistently tell us that their governorate is neglected, especially relative to its contributions to Saudi Arabia's economy, and needs more investment in infrastructure. They are certainly right that Hufuf, the main town in Al-Hasa, is less developed than Dammam or Khobar and that most of Saudi Arabia's onshore oil comes from Al-Hasa. But although there is frustration, there does not appear to be desperation in Al-Hasa. A drive through Hufuf reveals a small city humming with commercial and industrial activity, albeit at a small scale, and our interlocutors do not report that unemployment is a major problem, as it is in Qatif. We have heard rumors that the SAG is considering splitting the EP into three provinces, giving Al-Hasa its independence from Dammam and Prince Mohammad. Hasawis would welcome this split, if indeed it occurs, as a necessary step toward unlocking their area's full potential. End comment.

(APPROVED: ASGARD)
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